

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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Massachusetts Electric Company and)	
Nantucket Electric Company 2003)	D.T.E. 03-126
Rate Reconciliation and)	
Adjustment Filing)	
)	

COMMENTS OF CONSTELLATION POWER SOURCE, INC.

Constellation Power Source, Inc. (“CPS”), a wholesale supplier of power to distribution companies in Massachusetts, New England and throughout the United States, is pleased to provide comments with respect to the rate reconciliation and adjustment filing (“Reconciliation Filing”) submitted to the Department of Telecommunications and Energy (“Department”) on December 1, 2003 by Massachusetts Electric Company and Nantucket Electric Company (together, “Mass. Electric”).

CPS is a power marketing company that engages in wholesale power marketing activities throughout the United States. CPS is a strong and consistent advocate of competition in wholesale and retail electricity markets and participates in such markets nationwide. Fundamental to CPS’ participation are competitive markets, both at the wholesale and retail level, with clear and articulated rules that market participants can rely on to provide a reasonable degree of market and regulatory certainty. CPS is an active participant in the New England Power Pool markets administered by ISO-NE. CPS is an indirect subsidiary of Constellation Energy Group, Inc. CPS has executed three wholesale Standard Offer contracts with Mass. Electric which are potentially affected by the Reconciliation Filing – two (2) December 21, 1998

Wholesale Standard Offer Service agreements between CPS and Blackstone Valley Electric Company, Eastern Edison Company and Newport Electric Corporation, and a Standard Offer Power Supply Agreement between CPS and Mass. Electric.

On October 30, 2003, Mass. Electric filed with the Department its “Now is the Time to Choose Program” (“Time to Choose Program”), in which, among other things, Mass. Electric proposed to maintain its Standard Offer Service Fuel Adjustment (“SOSFA”) at the current level of 1.424 cents per kilowatt-hour for the period January 1, 2004 through February 28, 2005, *i.e.*, through the end of the Standard Offer Service period in Massachusetts. The Department docketed its review of the Time to Choose Program as D.T.E. 03-123 and established a deadline of December 15, 2003 for submittal of comments on the Time to Choose Program.

As set forth above, Mass. Electric submitted its Reconciliation Filing on December 1, 2003. In its Reconciliation Filing, Mass. Electric proposes a Standard Offer base rate of 5.1 cents per kilowatt-hour, and a SOSFA of 1.424 cents per kilowatt-hour, resulting in a total Standard Offer rate of 6.524 cents per-kilowatt-hour, effective January 1, 2004. The Reconciliation Filing does not include a SOSFA calculation as required by D.T.E. 00-66, 00-67, 00-70 (2000) (“SOSFA Letter Order”). Instead, in its prefiled direct testimony, Mass. Electric simply refers to a SOSFA fixed at 1.424 cents per kilowatt-hour through the end of 2004 as set forth in the Time to Choose Program filing. Reconciliation Filing, Direct Testimony of Theresa Burns at 5, n.3.

On December 12, 2003, Mass. Electric filed with the Department a request to extend the deadline for submitting comments in D.T.E. 03-123 with respect to certain aspects of the Time to Choose Program. In that same letter, Mass. Electric asked the Department to maintain the Department’s December 15, 2003 deadline for filing comments on that portion of the Time to

Choose Program filing in which Mass. Electric sought the Department's approval to fix its SOSFA at 1.424 cents per kilowatt-hour through the end of the Standard Offer Service period. Mass. Electric's December 12, 2003 letter also included an attachment showing for the first time what Mass. Electric's SOSFA would be if it were calculated consistent with the Department's SOSFA Letter Order, as well as its calculation of a Standard Offer Adjustment Factor ("SOAF"), which Mass. Electric stated would be required as of January 1, 2004, if Mass. Electric were to implement a SOSFA calculated according to the SOSFA Letter Order.

Moreover, in its December 12, 2003 letter, Mass. Electric stated

To provide adequate information in the event that the Department decides to follow the established practice for setting the SOSFA and Standard Offer Adjustment Factor, Mass. Electric will file supplemental testimony and exhibits supporting the attached schedule in its year-end reconciliation filing. In that way, the Department will have adequate information available to evaluate the alternative approaches.

Mass. Electric December 12, 2003 Letter at 2.

It is CPS' understanding that, on December 15, 2003, the Department granted Mass. Electric's request for an extension to the deadline for comments in D.T.E. 03-123 regarding certain elements of the Time to Choose Program, as well as Mass. Electric's request to maintain the December 15th deadline in D.T.E. 03-123 for comments regarding Mass. Electric's proposal to fix its SOSFA.

On December 15, 2003, CPS submitted comments in D.T.E. 03-123 regarding Mass. Electric's Time to Choose Program ("CPS D.T.E. 03-123 Comments"). In the CPS D.T.E. 03-123 Comments, CPS states that the Department should not allow Mass. Electric to proceed with its Time to Choose Program because the Program "is inconsistent with the Restructuring Act, as well as the Department's consistently articulated restructuring policies, including the Department's policies relative to the SOSFA and the development of competitive wholesale and

retail markets.” CPS D.T.E. 03-123 Comments at 3. CPS also recommended that the Department allow a SOSFA of 1.223 cents per kilowatt-hour to take effect on January 1, 2004 for Mass. Electric’s Standard Offer Service customers, consistent with the SOSFA calculated in accordance with the SOSFA Letter Order presented by Mass. Electric in its December 12, 2003 letter, while deferring any decision on the SOAF until additional information regarding the SOAF is provided by Mass. Electric. Id. at 8-9, 20. CPS requests that the Department incorporate by reference in this proceeding the CPS D.T.E. 03-123 Comments filed on December 15, 2003. (A copy of the CPS D.T.E. 03-123 Comments is provided as Attachment A to these comments.)

As set forth in the CPS D.T.E. 03-123 Comments, CPS reserves its right to address further all aspects of the Time to Choose Program, as well as the SOSFA and SOAF presented in Mass. Electric’s December 12, 2003 letter, in both D.T.E. 03-123 and this proceeding. CPS reserves its right to comment on the SOSFA and the SOAF in this proceeding because Mass. Electric has indicated its intention to submit supplemental testimony and exhibits supporting these calculations in this proceeding.

Respectfully submitted,

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